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REMARKS

**Secretary of State Condoleezza Rice
and Australian Foreign Minister Alexander Downer**

**March 16, 2006
Sydney, Australia**

FOREIGN MINISTER DOWNER: Ladies and gentlemen, let me begin by saying how delighted I am to host this visit to Australia by Secretary Rice. It's her first visit as the Secretary of State though she was here not that long ago with President Bush when he was last in Australia. We had this morning, the first part of the visit, which is our bilateral meeting, I suppose it's been an hour or an hour and ten minutes, and we have a series of other functions and meetings over the next couple of days, culminating on Saturday in the Trilateral Security Dialogue with Japanese Foreign Minister Taro Aso.

We've this morning talked about the Secretary's visit to Indonesia. We've talked, of course, about the Trilateral Security Dialogue and relations with other countries in the region. We talked about regional architecture. We talked about India and, of course, the nuclear deal between President Bush and Prime Minister Singh. And we've had a discussion about Iraq, the situation in Iraq, and about Iran. So I would just say in an overall sense it won't surprise any of you to hear me say that the relationship between the Howard and Bush administrations is a very close relationship. We work together as, of course, allies. We work together as a bit more than that. We work together as friends and people who share many common perspectives both in the region and beyond the region around the world and we work together very hard on trying to achieve an agenda that both of us very passionately believe in and that it's an agenda to see greater not just peace but greater freedom and democracy in many different parts of the world.

So, Secretary, welcome to you.

SECRETARY RICE: Thank you very much, Minister. Thank you, Alexander. We've had a very extensive discussion this morning and I want to thank the Foreign Minister for hosting me here. It's

great to be in Australia, this beautiful country. I have a lovely view from my window of Sydney and, of course, of the Opera House, which I might have thought I might have played in at some point in another lifetime. But it's a really wonderful place.

We do indeed have this very unique and deep relationship that's based on common values, that's based on our determination to defend freedom when it is under attack and wherever it is under attack, and not just to defend it but to promote it and to support those who are still seeking it.

In that regard, we have had a broad discussion of a number of issues: Iraq, Iran. We discussed my trip to Indonesia and the remarkable course that Indonesia is taking as that young democracy which is a place that is as diverse as yet as inclusive as anyplace on the globe, the course that Indonesia is taking and our desire to support Indonesia in that course and Indonesia's role here in the broader region and on the globe.

We will indeed look forward to our Trilateral Strategic Dialogue with our colleague from Japan later in the week and to further discussions of our common agenda as this next couple of days goes on. So thank you very much for welcoming me here and we look forward to your questions.

FOREIGN MINISTER DOWNER: And we're looking forward to attending the Commonwealth Games.

SECRETARY RICE: Oh, yes. That's --

FOREIGN MINISTER DOWNER: Even though the United States is not in the Commonwealth for all sorts of obvious historic reasons. (Laughter.)

SECRETARY RICE: That's all right.

FOREIGN MINISTER DOWNER: Could have been. Could have been. (Laughter.)

All right, now we're going to do four questions, I'm told, two from the Americans who at a glance are over here and two from the Australians. So we'll start off with the Australians since that's the home team.

QUESTION: Secretary Rice, what chance has the U.S. of leaving a relatively secure Iraq behind when they turn over (inaudible)?

SECRETARY RICE: Well, I think that there is a very good chance that the Iraqi people, with the support of their coalition partners, will build the foundation -- will have built the foundation for a stable and secure Iraq over the next couple of years.

This is a difficult process that they're involved in. I was saying to the Foreign Minister that it is sometimes very difficult when all of the pictures are about the violence and when you have terrorists and old (inaudible) that wish to literally blow up the process of the political reconciliation of the Iraqi people, it's difficult to focus on what is quite a remarkable political process that is going on.

They've had three elections, including one to ratify a constitution. They're now engaged in coalition building for a national unity government -- something that most countries in the world recognize as quite familiar. The Shia parties did not gain enough votes in the election and so they have to bring in partners in order to form a national unity government. That is a process that is well underway. The

difficulty for the Iraqis is that they do it in the face of violence perpetrated by those who don't want a political process to go forward.

But I believe that like many peoples who've gone through the trials of trying to build a democracy that they're going to succeed. And we should express confidence in them because every time they have been confronted with a challenge, going all the way back to the transfer of sovereignty in 2004, the Iraqis have faced up to that challenge and they have been able to move the next step ahead in the political process. And we are supporting them. We're supporting them in the training and equipping of Iraqi security forces that can defend their young democracy. But I believe that they've been remarkable in what they've achieved thus far and I really do believe that we're going to look one day at a stable and secure Iraq and be very grateful to those, like Australia and the United States, who were determined to see the Iraqi people have this chance.

QUESTION: Madame Secretary, the Israeli Prime Minister Ehud Olmert yesterday that the U.S. and UK supported his raid on Jericho prison. President Abbas, whom you say you support, thinks it was a crime. What does it make for the credibility of the Quartet, which is now accused of taking sides?

SECRETARY RICE: Sylvie, let me explain what happened. Let's just establish the facts of what happened here. In 2002, the United States and Great Britain agreed with the Palestinians and with the Israelis that we would monitor a prison in Jericho in which several very, very dangerous figures, including people accused of the murder of the Israeli Tourism Minister, were housed. This was in order to break at the time the so-called siege of Ramallah that was taking place. We agreed to monitor this prison but security for the prison was the responsibility of the Palestinian security forces.

Over the last year, it has been increasingly difficult for the monitors to play their role and we and the British have become increasingly concerned for the safety of these monitors -- again, who are not to secure the prison but are there to monitor the goings-on in the prison.

More than a year ago, we started to say to the Palestinians that this was a problem. Those concerns have mounted over the last months and on March 8th there was a letter delivered to the Palestinian Authority saying that we could no longer tolerate the situation, our people were in danger, and the monitors would have to pull out if things did not improve immediately -- or we would have to pull out immediately if things did not improve.

That happened when the monitors then pulled out. That has been the role of the United States and Great Britain -- nothing more and nothing less. Now, we have in the face of the recent actions and difficulties in Jericho been in touch with all the parties to urge calm and restraint. But I want to be very clear that the role of the United States and the role of Great Britain, because we did it in coordination, was to inform the parties, as was required by the agreement in 2002, that the monitors could no longer maintain their monitoring mission in the prison and that they would be leaving. That was what was done and that is the extent of the role of the United States and Great Britain.

QUESTION: Dr. Rice, you said that Iran may pose the biggest challenge of any state (inaudible) United States. The Security Council this week seems to be unable to agree on this issue. If that remains the case, what would be the next step for the U.S. and what role would you like to see Australia play in dealing with challenge from Iran?

And I want to also ask you a question about another subject you say you discussed, which was India and the nuclear cooperation agreement. Would you like to see Australia supplying uranium to India under that agreement?

SECRETARY RICE: Thank you. Well, on Iran, Iran is a challenge because it is seeking to have a nuclear program that would allow it to develop a nuclear weapon and it's doing that, we believe, under cover of the NPT and it's lied about its activities and therefore is in contradiction to its requirements or to its obligations under the NPT. It also, of course, is involved as a central banker of terrorism and so Iran is to be -- we have many reasons to be concerned about Iran. It also, by the way, has an unelected few who repress the desires of its population. So it is a troublesome state.

The Security Council has now taken up the issue. I'm quite certain that the Security Council will find an appropriate vehicle for expressing again to the Iranians the desire and indeed the demand of the international community that Iran return to negotiations, having suspended the activities that it began in contradiction of its requirements under the Paris Agreement, and that it's time for Iran to heed the international community's call.

I'm sure we'll find the right vehicle for that. The negotiations are underway. I would caution that we not try early to determine how those negotiations are going to come out. That's what negotiations are like. And I've been in contact with my counterparts.

I really do appreciate the fact that Australia has been stalwart in also calling on Iran to find an arrangement that would be acceptable to the international community in terms of its proliferation risk and I'm sure that Australia will continue to play that very active role.

As to the India agreement, it is obvious that the agreement strengthens security by expanding the reach of the IAEA to be able now, when there is a safeguards agreement with the Indians, to have access to Indian civil nuclear facilities which it currently does not have. And I would just note that Mohamed El Baradei himself has noted that this is an important -- would be an important achievement for the nonproliferation regime.

Secondly, everyone understands that a growing economy like India, this great democracy -- India -- that's growing rapidly, needs energy supply. And civil nuclear energy is clean. It protects the environment. It can be plentiful. And currently India is not capable of pursuing civil nuclear power to the degree that it will need to.

And finally, the United States -- and I know the Prime Minister was in India just a couple of days after the President. India is a rising power in Asia and a democratic power that is rising, and it is a multiethnic, vibrant place that is finding its place in the international economy and in international politics. And we need a broad and deep relationship with this rising democracy.

And so on all those grounds, we believe that this is an important deal. I appreciate that the Australian Government, and the Minister can speak for himself, has said that they think the deal itself is a good deal. I think the issue of whether or not one decides to participate in fuel supply is a quite separable issue and it's one for the Australians to determine but not one that is at issue with the United States by any means.

FOREIGN MINISTER DOWNER: And I just want to reinforce the view that I put to the Secretary that Australia absolutely supports the arrangements that have been made between President Bush and Prime Minister Singh. We think that's an important step forward. It's been a difficult negotiation and they're very difficult issues, but we certainly support the logic of what the United States Administration has done there and believe that the broader arguments about the growing importance of India, particularly as the world's largest democracy, a country that from Australia's point of view we have a lot of standing links with -- we share the Indian Ocean together -- and so

we're delighted to see the not only growing relationship between ourselves and the Indians but the growing strength of the relationship between the United States and India, which is pretty unprecedented, really.

QUESTION: Madame Secretary, as you know, there are concerns here given China's importance to the region and the Australian economy about a potential hardening of the Administration's view towards China. Could you tell us what assurances, if any, you offered Minister Downer on that front today and the status of those talks?

And Minister, if you could be a little more specific with us about is Australia considering finding a way to bend its policies on the fuel cycle to assist in the Indian deal. Thank you.

SECRETARY RICE: Well, U.S. policy on China has been consistent for the extent of this Administration and it is to try and create an environment in which China will be encouraged to be, as it grows and as it grows in importance and influence, responsible in international affairs, more open both towards its own people and toward the international system; to encourage Chinese participation and integration into important international institutions like the World Trade Organization, where the United States supported Chinese accession; to recognize that China is going to be and is influential in international politics and to have every desire to see that influence be positive.

There is no doubt that as with any complex relationship there are difficult issues as well as positive elements. I think we believe that the growth of the Chinese economy, if it's done in a rules-based way in which China is fully obeying the rules of the global economy, is a very positive development for international growth and for the United States.

We've said that we have concerns about the Chinese military buildup. We've told the Chinese that they need to be transparent about what their military buildup means. I don't know, I used to follow Soviet defense statistics and so I'm always a little bit uncertain about statistics on these things, but I heard that there's going to be a 14 percent increase in the Chinese defense budget. That's a lot. And China should undertake to be transparent about what that means.

But China is a country that's very much in transition. Its economy needs to continue to open. It needs to pay attention to intellectual property rights. It needs to pay attention to the effect of not having at this point a currency that is market-based and flexible. It needs to pay attention to concerns about the fact that much of the economy is still government-owned. And when there are certain rules about what can be sold in financial services or in software to the government sector of the economy, there are reasons to be concerned about whether that really reflects an open trading policy.

So to say that there are concerns about this changing and transitioning China, I think is still to say so within the context of every hope and every intention of trying to encourage positive trends in China's development and working very closely with China on all kinds of global issues. We are, after all, partners with China in the six-party talks on North Korea. We are working with China in the Security Council on the Iranian issue as we speak. So we have a lot of work to do with China, but to the degree that we have concerns we're going to raise them. We're going to raise them about human rights and religious freedom. But I think this policy has been consistent from the day the President came to Washington.

FOREIGN MINISTER DOWNER: And just from our point of view, we've never had a concern that the United States was pursuing a policy of containment of China or something like that of a, if you like, commensurate with a once upon a time Cold War strategy and I think we feel comfortable with where the United States is at in terms of its relationship with China.

Our relationship has its own dynamics, we have our own issues, but we have a very good and constructive relationship with China. We have President Wen coming here very soon in the next couple of weeks and I'm sure that visit will be successful. But you know, China, as it's a growing power, it's an emerging power in the region, is a country that needs to understand that brings with it a lot of responsibilities. It has a responsibility to make sure that it works comfortably and constructively with other countries in the region and it makes a positive contribution to regional as well as to global issues, and we hope that they'll continue to do that.

In relation to nuclear policies in India, look, we don't have any plans to change our current policy and we've explained that. I explained that to the Secretary but she knew that anyway and we've said that, the Prime Minister and I, on a number of occasions over the last couple of weeks.

But having said that, you know, we have some legal issues there, of course, in relation to obligations we have, but we think that the United States deal that they have done with India is a good deal and it takes forward this whole process of openness and transparency about at least many aspects of India's nuclear program. Is it perfect? I don't know that you could put together a perfect deal. Maybe the answer is that a perfect deal would be for India to give up its nuclear weapons program and sign up to the NPT, and that, no matter how idealistic and passionate we may be about that, that's a dream; that's actually not going to happen anytime soon, if ever.

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